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THE SOVIET WORLD

While maintaining a stubborn attitude on world political problems, the USSR is again accelerating its drive to expand trade with the West, advertising that in this field "the way will be much easier than in other spheres of international relations." The administrators of the new economic course in the USSR are more interested in nonstrategic imports from the West than were their predecessors, but one of the immediate objectives of the current campaign, like that of previous efforts, is the destruction of Western controls on strategic trade with the Orbit.

The Soviet offer to import over a billion dollars worth of goods from Britain between 1955 and 1957, amply spiced with items now on the COCOM embargo lists, was apparently designed to whet the already influential opposition of British commercial circles to the existing control system.

The chief of the Soviet Chamber of Commerce recently observed that Soviet exchanges with the non-Communist world could be raised in two or three years from the present level of less than one billion dollars to as much as ten billion dollars. Further elaboration of this theme can be expected later this month at the World Trade Conference in Chicago. For the first time since 1935, the USSR has accepted an invitation to attend this meeting.

Less dramatic but more concrete trade moves have marked the USSR's negotiations in Scandinavia. An agreement of 3 February with Sweden approximately doubles the 1953 trade and calls in particular for increased Soviet imports of consumer goods and for an expansion of Soviet petroleum exports from 100,000 to 600,000 metric tons per year. For the first time in dealing with a non-Orbit state, the USSR has followed up its recent trade agreement with Finland by extending a $10,000,000 loan in gold, dollars, or any other currency acceptable to both governments. Although the USSR has earlier granted ruble loans to Western governments, this is the first time it has been willing to lend gold or dollars.

Meanwhile, the USSR is continuing to round out a pattern of trade treaties with Middle Eastern states. An Egyptian trade delegation is now in Moscow, and the first Soviet-Lebanese trade agreement since the war is reportedly ready for

signature. The barter arrangement concluded last December between the USSR and Israel may shortly be supplemented by the shipment of an additional 100,000 tons of petroleum products to Israel in exchange for fruits.

In Asia and the Far East, the USSR may be preparing to provide technical assistance to underdeveloped areas. Following the offer of technicians to India and the agreement to supply technical assistance in Afghanistan, the Soviet delegate to the ECAFE conference in Ceylon extended a general invitation to Asian specialists to study developments in Soviet mining, power, and steel industries. He specified that requests for such visits should come within the framework of the UN's technical assistance program, to which the USSR has announced its intention to subscribe the ruble equivalent of $1,000,000 in 1954.

Internally, Soviet economic planners continue to demonstrate their concern over agricultural conditions. The most recent of a series of sessions in the Kremlin's Great Palace has been an all-Union conference of state farm workers. Like the earlier machine tractor station conference, it was attended by the highest party leaders and was devoted to a review of agricultural failings and to pep talks on the fulfillment of the new program. Khrushchev summed up the results of both conferences.

That drastic measures are required for the success of the agricultural plan is suggested by the recent shake-up of the party command in Kazakhstan, an area which accounts for some 15 percent of the USSR's livestock production. P. K. Ponomarenko and L. I. Brezhnev, the new first and second secretaries of the republic party, have extensive backgrounds in local administration and agriculture and have held posts on the all-Union Communist Party secretariat. They are probably being dispatched as high-level trouble shooters.

The extreme cold this winter has so exacerbated the power shortage in the Satellites that transportation has been sharply curtailed and industrial production seriously hampered. The Hungarian and Rumanian industrial plans for January will "almost certainly" be unfulfilled because of the effects of the weather, according to American observers. Deep snow paralyzed railroad and vehicle transport in Hungary and Rumania during the first week in February, and disrupted telephone and telegraph communications in Rumania. Food supplies are dwindling in urban areas, where the population is already suffering from the almost complete lack of fuel and power.

THE REVIVAL OF FRENCH NEUTRALISM

French neutralism, which re-emerged with new vigor in 1953 as a result of the widespread belief that Stalin's death had inaugurated an international detente, threatens to become a formidable obstacle to American policy objectives in both Europe and Asia. Soviet proposals at Berlin for five-power talks, world-wide disarmament, and a neutralized Germany have offered new possibilities for neutralist exploitation.

The essence of French neutralism is the belief that France's chief national interest lies in avoiding any involvement in a world power struggle, no matter what the outcome. This outlook stems largely from the country's defeat and occupation in World War II, from its continued decline as a world power, and, most of all, from fear of a resurgent and rearmed Germany. Neutralists tend to regard the Soviet threat as exaggerated and to see more danger of another war in Washington's "provocative" policies.

Though neutralism is not identified with any single political group, it finds its most eloquent advocates among intellectuals of the non-Communist left, who are well placed to spread their ideas through the press. Of the six most influential non-Communist publications in France, three -- Le Monde, L'Observateur d'Aujourd'hui, and L'Express -- are neutralist either avowedly or in fact. Although these publications claim to be strictly impartial, they lean over backward to be fair to the USSR while criticizing in detail the United States and its policies.

Complete neutralists like Beuve-Mery, editor of Le Monde, are few, but of sufficient prestige to make less extreme neutralist positions more acceptable politically. Thus, a left-wing Socialist minority, centering around former defense minister Jules Moch and the Assembly Foreign Affairs Committee chairman, Daniel Mayer, remains staunchly anti-Communist, but now tends to see Soviet military power as a lesser threat to France than German rearmament. These Socialists are the nucleus of a "French Bevanist" movement which has also attracted a collection of Trotskyites, leftist Catholic intellectuals, and left-wing elements in the non-Communist trade unions.

A potential source of considerable strength for the neutralists is the left wing of the Christian Workers Confederation, France's second largest union, whose younger leaders wish to shake off confessional ties and any link with the pro-EDC Popular Republican (Catholic) Party. This small but articulate "Bevanist" group is capable of attracting

wavering deputies from the precarious pro-EDC Socialist majority and even from the Popular Republicans.

Public opinion polls of the last few years reveal that neutralism has a broader and deeper base than was assumed by those who in 1951 predicted its early demise. A large segment of the non-Communist French public has remained consistently either apathetic or hostile to the idea that Soviet policy menaces France and that France should participate in collective Western defense. Even among well-educated Frenchmen, roughly half are neutralist or apathetic.

Moreover, the majority of the French who distrust Soviet intentions tend to "clutch at any straw which postpones the moment of decision," according to a survey by United States consulates. While there are some indications that the generation now entering professional life is less neutralist than its elders disillusioned by two world wars, the immediate problem is that neutralist sentiment is strong among influential groups and urges for its own reasons several courses of action now being advocated in Soviet propaganda.

Thus, continued reiteration by neutralist spokesmen of the question, "What has France to gain in Indochina?" helped crystallize opinion in favor of negotiations even before the stimulus of Ho Chi Minh's "offer" in November. The American embassy in Paris now believes that if the Berlin talks adjourn without arranging a five-power conference, French opinion will blame the United States for blocking an Indochina solution.

Neutralist sentiment may make itself felt even more immediately on EDC ratification, which the Assembly is now expected to consider in March. Molotov's disarmament proposals at Berlin seem to have been too standard to have aroused much reaction even in neutralist circles, but any hint of a real Soviet willingness for a detente in Europe could sway enough votes in the Assembly to defeat the treaty.

THE FOOD PROBLEM IN COMMUNIST CHINA

China's economic construction program has been cut back because of the failure of the 1953 harvest to meet planned goals. Although widespread famine is unlikely, rural living standards will decline as Peiping attempts to maintain the program at the highest possible level.

Total food crops in 1953 were below the favorable 1952 level of about 140,000,000 tons but comparable to the 1950 and 1951 harvests of 130,000,000 to 135,000,000 tons. The current situation is better than in the famine period of early 1950, which followed a harvest estimated at less than 125,000,000 tons.

Several crops, notably wheat, suffered severe damage last year. Large areas of northern China, Manchuria and western China already have food shortages. Flour rationing has been ordered in certain cities of North China, and rationing of other foods is expected in some cities this spring.

The 1953 harvests were at least ten percent below announced expectations for a six or seven percent increase over 1952. The decline resulted in government revenues below planned amounts, and was one reason for the cutback in Peiping's long-term economic goals.

The regime needs increasing quantities of food for direct dispensation to government employees, workers in state-controlled industries, and soldiers. It is trying at least to maintain the standard of living of these groups, which are favored over farmers and city dwellers employed by private commerce and industry.

More importantly, the government, having entirely halted the import of staple grains, needs food for export. Substantial imports of Soviet military and industrial equipment have been largely paid for with foodstuffs. Total food exports to all countries, mostly rice, soybeans, peanuts, and vegetable oils, rose from the grain equivalent of less than 2,000,000 tons in 1950 to 3,000,000 tons or more in 1953, a level which Peiping is expected to try to exceed this year.

These growing requirements for food will probably depress rural living standards below the level of 1950 and 1951, crop years comparable to 1953, since the government is apparently adopting more severe collection measures. The Peiping regime's popularity with the Chinese farmer is expected to reach a new low this winter.

Anti-Soviet sentiment among the Chinese people will probably be increased by Peiping's expanded exports of food to the USSR in the face of the food shortages in China. On the basis of interviews with more than 200 travelers from China in 1953, the American consul general at Hong Kong recently reported that anti-Soviet feeling had developed and become more intense throughout almost all of the populace below the upper levels of the Communist Party and government. One of the principal sources of this popular resentment was found to be the food shipments to the USSR.

WESTERN EUROPEAN COMMUNISM SINCE STALIN

The disparity in Communist strength in the countries of Western Europe has been further exaggerated in the year since Stalin's death, as "popular front" tactics were intensified and party efforts supported by conciliatory Soviet diplomatic and trade moves.

In France and Italy,* the Communist potential has increased and in the latter clearly constitutes a major threat to democratic government. In the other parts of Western Europe, where Communist influence in the postwar period has been minor, the party position has deteriorated.

Except in France and Italy, membership in the Communist parties of Western Europe during the period in question has declined. In France, the party has apparently gained recruits over the past year, thus reversing a previous downward trend, although membership is probably still under 500,000. Membership in the Italian Communist Party, the largest outside the Soviet Orbit, remains near the 2,000,000 mark despite vigorous membership drives.

In Germany and Austria, on the other hand, party membership has declined sharply. In Britain and the Scandinavian countries, the Communist parties now largely consist of "hard core" members. In these areas of waning Communist strength, front organizations have similarly faced difficulties in maintaining their support. Collaborators with Communist-sponsored movements have in many cases become "familiar faces" whose prospective appearance is sufficient to discourage non-Communist participation.

These declines in party and front memberships have been paralleled by failure in tests of popular strength. Although the Italian Communists won more votes in the 1953 elections than in 1948 or in the local elections of 1951-52, elsewhere the party suffered electoral losses ranging from slight to severe.

In Norway, Denmark, and Iceland, the Communist vote showed a slight decline last year. Despite elaborate

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* See Current Intelligence Weekly articles of 27 November and 5 February respectively on the Communist parties of these two countries.

campaign efforts, the Austrian Communists gained a mere 28,000 votes in the February elections, and the loss of one of their five seats in the Nationalrat was interpreted, even by them, as a serious defeat. In last September's elections in West Germany, Communist losses approached a debacle; voting strength dropped 50 percent and the party lost all parliamentary representation.

There was no similar clear-cut test of Communist electoral strength in France during the past year. In the local elections in April and May 1953, the Communists gained in areas of traditional influence, but elsewhere they lost ground.

In the labor movement, as well, Communist gains seem limited largely to France and Italy, even though the Communists have generally emphasized the "unity of action" strategy so strongly set forth by the WFTU Congress last fall. Communist minorities remain influential in the electrical and engineering industries in Britain, among the dockworkers in Scandinavia, in the shipbuilding, mining, and heavy industries in West Germany, and in certain heavy industrial plants in Austria, but this influence has not recently increased. In Germany and Austria, shop steward elections during the year have reduced Communist representation in specific industries. In none of these countries have the Communists increased their capacity to foment serious work stoppages, nor have they gained the non-Communist support they need for prolonged strikes.

Communist-dominated labor organizations in France and Italy, however, have strengthened their position since the death of Stalin. The French General Labor Confederation (CGT) won renewed prestige from the strikes of August, and by subordinating political to economic objectives has restored considerable worker confidence in its leadership. While still unable to call a general strike for political aims, it could now probably obtain the support of non-Communist unions for long and crippling strikes specifically directed at worker grievances.

In Italy, joint strike action actually occurred in late 1953 for the first time in six years. The Italian General Confederation of Labor has further increased its advantages over the non-Communist unions by the preference in industrial bargaining shown it by employer groups during this period.

Despite the disparate results achieved in the various countries, the tactics pursued by Communist parties have been similar throughout Western Europe. The "united national front," for example, has been the major Communist theme since the 19th Party Congress of October 1952. In areas of minimal Communist influence, such as West Germany and Austria, the Communists have attacked and attempted to weaken Socialist leadership in vain efforts to establish a common front with the Socialist following. The national elections of both countries were marked by Communist efforts to organize ostensibly non-Communist parties, and in Austria these fronts and the Communist Party produced a common ticket, the "People's Opposition." In Finland, the Communists abandoned their efforts to subvert leaders of the Social Democrats, and are now trying with little success to woo the rank and file.

These attempts to establish some common ground with non-Communists seem an effort to duplicate the strategy in Italy, where the Communist ties with the Nenni Socialists pose a real threat to democratic government, and in France, where the increased Communist potential derives from the party's newly increased respectability. The apparent lack of increased Communist emphasis on preparations for extra-legal activity supports the conclusion that these "popular front" attempts will be continued. 25X1

In a year, however, in which such major events as the death of Stalin, the 17 June riots in East Germany, and the arrest of Beria transpired within the Soviet Orbit, the parties of Western Europe have been characterized by stability of organization, leadership, and discipline, and a facade of unanimity has been maintained.

On the other hand, the major efforts of the Soviet Union in the past year to show a "new look" abroad have obviously not stemmed the declining popularity of the Communist parties in those countries in Europe where they are not strong. The peace offensive, the new policies within the Orbit, and the "trade offensive," even where they have created problems for democratic governments in their relations with the Soviet Union, have not significantly reduced the suspicion with which the Communist parties are generally regarded in Western Europe.

In Italy and France, special national circumstances have lent added attractiveness to such persistent themes of Soviet-directed propaganda as the peaceful intentions of Moscow and the dangers of EDC. The national Communist parties have probably profited to some extent as a result In view of the seriousness of Italy's economic difficulties and of France's concern over German resurgence, however, it is on the whole surprising that the local Communists have not benefited more. In these issues, as more generally in the case of the Soviet trade offensive, there have been evident political dividends for Moscow. The national Communist parties, however, seem in most respects to have been neither the effective instruments of nor the sharers in this profit.

In summary, the Communist policy of "moderation" has paid quite divergent dividends in Western Europe during the last year. The pressing economic needs of the working classes in both Italy and France will continue to benefit the Communist cause. Elsewhere in Western Europe, however, the fortunes of the Communist parties are at such low ebb that it is doubtful their prospects would be materially improved either by a major downturn in economic prosperity or any foreign policy concessions which the Soviet Union might make.

SPECIAL ARTICLE

THE SIGNIFICANCE OF THE 1953 SOVIET PLAN RESULTS

The results of the 1953 Soviet plan show that industrial production increased 12 percent over 1952, although the decline in the rate of growth of investment and labor productivity which began in 1950 continued. The goal for gross industrial output in the Fifth Five-Year Plan should be reached by 1955, but probably not the output targets of some important commodities.

In agriculture, the 1953 plan report implies a decline in the size of the grain crop as compared with 1952, and it is estimated that agricultural production will fall seriously short of the 1955 goals. On the other hand, the availability of consumer goods increased considerably, particularly in the last half of the year.

On 31 January 1954 the Central Statistical Administration announced the results of the 1953 economic plan. The 12 percent increase in industrial output, compared with 11 percent in 1952, indicates that the 1955 goal for industrial output will be attained, even if the annual rate of growth drops to nine percent. Increases in output of coal, some nonferrous metals, mineral fertilizers, and building materials such as bricks and cement, however, were well below the rates necessary to achieve 1955 goals. Prospects appear favorable for attaining the recently increased 1955 goals for consumer durables but are doubtful for major food and textile products because of difficulties in increasing agricultural production. (See table on page 17 for percentage increases of selected industrial products and consumer goods.) The annual plan announcement reinforces the belief that the 1953 output of food crops was below the 1952 level, but higher than in 1951. Preliminary estimates of grain production indicate a ten percent drop from the previous year, which is consistent with the official report that the 1953 grain harvest was "close to" the 1952 level.

In 1953 "about as many potatoes were harvested as in 1952," while vegetables and industrial crops such as cotton "increased" over 1952. Although livestock numbers rose somewhat, the output of feed grains and other fodder probably fell off. This will make it difficult to attain increases in livestock numbers and products in 1954, in spite of the announced upward revision of livestock goals.

The slow rate of increase in production of mineral fertilizers is another serious problem facing Soviet agriculture. Plan results show that output increased only nine percent in 1953, not a significantly higher growth than the eight percent announced in 1952. Production may rise more rapidly in 1954 and 1955 as new plants are completed, but it will almost certainly not reach the annual rate of 22 percent required to achieve the 1955 goal.

Because of the population increases, the availability of food on a per capita basis from the 1953 harvest will probably be lower than it was in either 1952 or 1951. To maintain last year's level of food consumption, therefore, the USSR will either have to draw on reserves, decrease its agricultural exports, or increase its imports of food.

As part of the general redirection of Soviet capital investment in 1953, long-range agricultural investment was cut back drastically in such projects as costly irrigation schemes and the much-publicized forest shelter-belt program which was to mitigate the effects of drought. To an increasing degree, investment expenditures in agriculture under the new program are to be devoted to such items as machinery and fertilizer, where benefits in the form of increased output will become apparent within three or four years.

The redirection of agricultural investment and the adoption of incentive measures were introduced too late, however, to have had much effect on 1953 harvests, and the nature of the new programs is such that they can have little effect on agricultural production through 1955, except on livestock numbers.

The plan results contain much evidence that the new economic program is actually under way. The production of consumer goods increased 12 percent in 1953, and the rate of increase accelerated in the last half of the year, when production rose 14 percent over the corresponding period of 1952. In addition, the sharp decline in the growth of total capital investment from 11 percent in 1952 to four percent in 1953 reflects dislocations caused by the reformulation of investment policy.

On the other hand, investment in the light and food industries rose by eight percent, and turnover in state and cooperative retail trade was accelerated during the last half year. In August, Malenkov ordered a 32 billion ruble expansion in trade plans, and in October Minister of Trade

Mikoyan raised this to 37 billion rubles, while admitting that even the original 1953 goal was not being fulfilled at that time. By the end of the year, not only had the original trade goal been fulfilled, but 33 billion of the 37 billion ruble increase also had been attained, resulting in a 21 percent increase over 1952 as compared with gains of 15 and 10 percent in 1951 and 1952 respectively.

An increase of 21 percent in state and cooperative sales of consumer goods, however, does not represent an equal increase in the total consumption of these goods. Consumer goods production rose by only 12 percent and the trade increase was to some extent based on inventory and stockpile withdrawals, on imports, and on quality improvements, all of which caused total consumption to increase accordingly. But overgrading of products, reduction of nonmarket distribution to military, industrial, and institutional consumers, and reduction of home consumption, all increased state and cooperative turnover without correspondingly increasing total consumption. Nevertheless, the increase in total consumption during 1953 was probably large enough to provide the population with tangible evidence that the government was actively seeking to fulfill its promise of higher living standards.

During 1953, the state-employed labor force increased by 3,100,000 workers, compared with only a 900,000 increase during 1952. Of the 1953 increase, 1,400,000 workers were added to the number of permanent Machine Tractor Station employees, and represent in large part a transfer of former collective farm members to the state-employed labor force. Of the remainder, it is estimated that approximately 800,000 workers were added to the industrial labor force, as compared with an increase of about 400,000 in 1952.

The increasing rates of growth in industrial output and labor force contrast with the decreasing rate of growth of labor productivity. This indicates that the USSR has relied more heavily on manpower accretions and less on investment than originally planned, to sustain the required growth of industrial output. The large increase in the 1953 industrial labor force probably includes a windfall in the form of amnestied forced laborers, and possibly releases from the armed forces. The expansion of the labor force in 1954 and 1955 will probably be lower, but this may be partially offset by higher rates of capital investment and ultimately by increased labor productivity.

The goals for industrial output, labor force, and retail trade will probably be fulfilled in 1955, while investment and industrial labor productivity goals will probably fall short. The national income goal will not be met except in the unlikely event that present trends in agriculture are reversed. The decreased rate of growth of capital investment during 1953 may retard the growth of national income in future years.

SELECTED SOVIET OFFICIAL PLAN GOALS AND ACCOMPLISHMENTS

(In Percentage Terms)

	Increases over previous years				Increase of 1951-55 Five-Year Plan over 1950[2]
	1951	1952	1953	1954-55[1]	
National income	12	11	8	9	60
Total investment	12	10	4	11	60
Total labor force[3]	4	2	6	1	15
Industrial labor force[4]	5	4	6	-	13
Industrial output	16	11	12	9	70
Industrial productivity	10	7	6	10	50
Retail trade	15	10	21	15	100
Rail transportation	12	9	7	16-17	75-80
Pig iron	14	14	9	11	76
Steel	15	10	10	8	62
Coal	6	8	6	9	43
Oil	12	13	12	14	85
Electrical energy	14	13	13	12	80
Mineral fertilizers	7	8	9	22	88
Cement	19	15	15	18	120
Radio sets	16	6	27	44	325
Cotton fabrics	2	6	5	19	64
Woolen fabrics	13	8	9	13	68
Canned food	18	11	14	22	122
Meat[5]	12	15	12	18	100
Vegetable oil[5]	12	9	16	17	92
Sugar[5]	18	3	12	20	97

1/ This column gives the average annual percentage increase required in 1954 and 1955 to attain the official 1955 goals.
2/ Revised official targets have been included.
3/ Excludes collective farmers and forced laborers.
4/ Derived from industrial output and industrial productivity figures, which indicate that by the end of 1953 the industrial labor force had increased more than originally scheduled for the whole Five-Year Plan.
5/ These percentages represent only the proportions of total output of these commodities processed by state and cooperative enterprises.